Please find our Research on Bloomberg BRYG <GO>)

2nd May 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17773.64	-0.32%	+2.00%
S&P 500	2065.3	-0.51%	+1.05%
Nasdaq	4775.36	-0.62%	-4.63%
Nikkei	16147.38	-3.11%	-12.44%
Stoxx 600	341.477	-2.13%	-6.65%
CAC 40	4428.96	-2.82%	-4.49%
Oil /Gold			
Crude WTI	46.07	+0.30%	+23.84%
Gold (once)	1292.34	+2.51%	+21.65%
Currencies/Rates			
EUR/USD	1.14535	+1.22%	+5.44%
EUR/CHF	1.0978	+0.06%	+0.96%
German 10 years	0.28	+12.45%	-55.87%
French 10 years	0.572	+7.53%	-41.66%
Euribor	-0.251	-0.40%	+91.60%

Economic releases :

Date	
2nd-May	CH- Retail Sales Mar. y/y FR- PMI Manuf. (48.3 E) DE - PMI Manuf. (51.9 E) US - ISM Manuf. Apr. (51.4 E) US - ISM Price Paid (52 E)

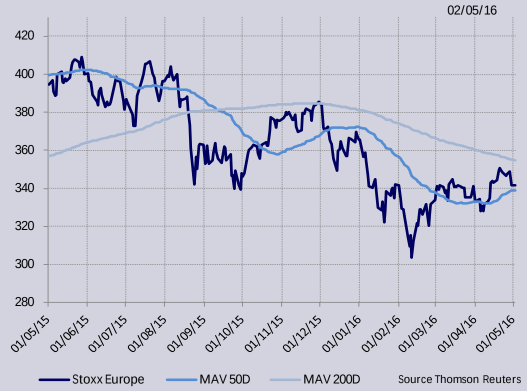
Upcoming BG events :

Date	
3rd-May	Groupe SEB (BG Paris Lunch with IR)
4th-May	Groupe SEB (BG Luxembourg Lunch with IR)
15th-Jun	GENMAB (BG Paris roadshow)
27th-Jun	IMERYS (BG Luxembourg with CFO)

Recent reports :

Date	
11th-Apr	ALTICE NUMERICABLE SFR : The time of Marketing?
8th-Apr	Nicox A visible decrease in pressure... (CORPORATE, FV EUR14)
6th-Apr	EDP Renovaveis : Renewables, what else?
4th-Apr	GAMELOFT : Nothing to gain by tendering your GFT shares now!
29th-Mar	IPSEN Cabozantinib makes Ipsen a different story
23rd-Mar	Feedback from our TMT Conference in Paris

List of our Reco & Fair Value : Please click here to download



EULER HERMES — BUY, Fair Value EUR96 (+16%)

Moving in the right direction

Q1 2016 net income rose 16% yoy, driven by a capital gain on the sale of the Bürgel entities. Underwriting result fell 17% yoy but up 44% qoq, with a combined ratio that clearly showed that action plans initiated in 2015 have started to deliver (79.3% in Q1 2016 vs. 76.1% in Q1 2015 and 85.3% in H2 2015). Management reaffirmed its commitment to address the excess capital issue (up to EUR191m at end-2015, but bear in mind that Euler Hermes' current leverage is 0) at some point later this year. At this stage, we maintain our FY numbers. We are making no change to our Buy recommendation and EUR96 FV.

GEMALTO — NEUTRAL, Fair Value EUR62 vs. EUR69 (+9%)

Following the Q1 sales conf. call, we have cut our FY16-18e EPS sequence and FV

Following disappointing Q1 sales and the subsequent conference call, we have revised downwards our restated FY16-18e EPS sequence by 3.5% on average. Gemalto reiterated its "vague" FY16 guidance (+1.5% gross margin, accelerating its PFO expansion towards its 2017 objectives). The current year will be especially back-end loaded (Softcard loss during Q2 last year) and there are still too many risks in SIM & related businesses, such that the 2017 PFO target of over EUR660m is out of reach (it implies at least a +25% CAGR 2015-17e vs. +10.4% in 2015). We expect momentum to be unattractive as long as management maintains its 2017 PFO target. We are now more than 12% below this target (vs. 9% below before). We maintain our Neutral recommendation and have cut our FV from EUR69 to EUR62 (average of an SOTP, a DCF and historical multiples).

LUXOTTICA — BUY Coverage initiated, Fair Value EUR61 (+28%)

Q1 soft but pretty much in line, signs of accelerating sales growth and FY outlook confirmed

On Friday, Luxottica unveiled Q1 sales of EUR2,266m up 1.8% adj. FX-n (CS: ~2%) and 3.8% FX-n. As expected, this publication was marked by a challenging comparison base (mainly in the US) and calendar realignments (Retail Division), and was therefore difficult to read. Consequently, we focused our attention on management's optimistic message reiterating FY16 targets, which implies a clear acceleration from Q2. This is the first step towards restoring investor confidence in the group's execution and ability to sustain MT growth. Buy recommendation and EUR61 FV confirmed.

MONCLER — BUY Coverage initiated, Fair Value EUR17 (+21%)

Good protection from chilly conditions (full report released today)

We are initiating coverage of Moncler with a Buy recommendation and FV of EUR17. Over 2016-18, the group should post strong momentum in a luxury sector showing signs of a slowdown (average organic growth of ~10% vs. ~4% for our luxury sample) thanks to the dynamic outerwear segment, the strength of the group's brand and its upscale positioning and know-how in retail expansion. The share is trading on 2016e EV/EBIT of 12.1x, in line with the sector.

In brief...

ASTRAZENECA, *Weak underlying Q1 but further focus towards Specialty*

SANOFI, *Q1 not such a bad surprise for us*

SOITEC, *The group get shareholders' approval for the capital increases and hires a new CFO*

UBISOFT, *Vivendi now owns 17.73% of UBI's capital, excluding a hostile bid*

Insurance

Euler Hermes

Price EUR83.00

Moving in the right direction

Fair Value EUR96 (+16%)

BUY

Bloomberg	ELE FP
Reuters	ELER.PA
12-month High / Low (EUR)	105.2 / 70.7
Market Cap (EUR)	3,763
Emb. Value (BG Est.) (EUR)	2,482
Avg. 6m daily volume ('000)	15.70
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.8%	5.1%	-4.5%	-6.3%
Insurance	-0.9%	-4.8%	-12.8%	-13.7%
DJ Stoxx 600	1.4%	-0.2%	-9.1%	-6.7%

(EURm)	2015	2016e	2017e	2018e
Total gross prem.	2,372	2,449	2,528	
% change		*3.2%*	*3.2%*	
Insurance op. profit	386	391	425	
Total operating profit	378	383	417	
Underlying PTP	427.7	422.3	456.9	
% change		*-1.3%*	*8.2%*	
Net attributable profit	*302.5*	*297.8*	*322.0*	
% Change		*-1.5%*	*8.1%*	

(EURm)	2015	2016e	2017e	2018e
Shareholders' equity	2,715	2,822	2,953	
Technical reserves :				
-Life net (excl. UL)	NM	NM	NM	
-UL contracts	NM	NM	NM	
-P&C net	2,388	2,507	2,632	
NAV net of intangibles	2,482	2,588	2,719	
Embedded value	2,482	2,588	2,719	

(EUR)	2015	2016e	2017e	2018e
EPS (€)	6.86	6.74	7.28	
% change	-	*-1.8%*	*8.1%*	
P/E	12.1x	12.3x	11.4x	
P/NAV (%)	1.4x	1.3x	1.3x	
ROE	NM	NM	NM	
Dividends	4.4	4.4	4.5	
Div yield (%)	5.3%	5.3%	5.4%	

Q1 2016 net income rose 16% yoy, driven by a capital gain on the sale of the Bürgel entities. Underwriting result fell 17% yoy but up 44% qoq, with a combined ratio that clearly showed that action plans initiated in 2015 have started to deliver (79.3% in Q1 2016 vs. 76.1% in Q1 2015 and 85.3% in H2 2015). Management reaffirmed its commitment to address the excess capital issue (up to EUR191m at end-2015, but bear in mind that Euler Hermes' current leverage is 0) at some point later this year. At this stage, we maintain our FY numbers. We are making no change to our Buy recommendation and EUR96 FV.

ANALYSIS

- Q1 2016 sales fell 1.5% (up 0.7% at constant scope and FX). New business was pretty much at the same level as last year, driven by the US, Italy and new products. Customer retention fell slightly as a result of the action plans implemented in non-mature markets. Pricing was down 1.5% overall, but prices have increased in all emerging markets and North America.
- Action plans initiated in 2015 have started to deliver. For the third quarter in a row, total group exposure has come down (down 3.2% since December 2015), especially on the lower-quality risks (grades between 6 and 10).
- Reported combined ratio was 79.3% vs. 76.1% in Q1 2015 and 85.3% in H2 2015. The current year net claims ratio is 61.5% vs. 61.7% in Q1 2015 and 67.8% in H2 2015. Run-offs (7.6% vs. 10.9% in Q1 2015 and 9.0% in H2 2015) are pretty low by company standards. Underwriting result fell 17% to EUR78m, but remember that it was EUR54m in both Q3 and Q4 2015 (i.e. up 44% qoq).
- Investment income (EUR26m) fell 9% yoy, with negative FX marked-to-market more than compensating for higher realised capital gains.
- The company benefited from a pretax EUR24m gain on the sale of the Bürgel entities (which also had a positive impact on the overall tax rate), such that net income rose 16% to EUR101m.
- No mention was made of the Solvency II margin at end-March, which is consistent with company guidance to communicate twice a year on this metric. But note that credit insurers are sensitive to the macro environment, not interest rates (contrary to other insurers), so the 173% level at end-2015 should not have changed much. Management stated again during the conference call that the use of excess capital (up to EUR191m at end-2015, but keep in mind that Euler Hermes' current leverage is 0) will be dealt with at some point later this year.
- NAV at end-March 2016 is EUR61.4.

VALUATION

- At this stage, no have no reason to change our FY numbers, including a 79.8% combined ratio (consistent with the company's c. 80% guidance). Based on our current estimates, our valuation is EUR96.
- Dividend (EUR4.4) is attractive (5.3% yield), to be paid on 31st May (trading ex-dividend on 27th May).

NEXT CATALYSTS

- AGM on 25th May. Q2 2015 numbers on 2nd August.

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TMT

Gemalto

Price EUR56.80

Following the Q1 sales conf. call, we have cut our FY16-18e EPS sequence and FV

Fair Value EUR62 vs. EUR69 (+9%) **NEUTRAL**

Bloomberg	GTO FP
Reuters	GTO.PA
12-month High / Low (EUR)	84.9 / 50.5
Market Cap (EUR)	5,062
Ev (BG Estimates) (EUR)	5,142
Avg. 6m daily volume (000)	440.8
3y EPS CAGR	23.8%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-11.2%	2.6%	-0.4%	2.8%
Softw.& Comp.	-2.4%	-3.0%	-1.2%	-5.2%
DJ Stoxx 600	1.4%	-0.2%	-9.1%	-6.7%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	3,122	3,244	3,406	3,610
% change		*3.9%*	*5.0%*	*6.0%*
EBITDA	345	513	609	677
EBIT	313.3	438.9	529.0	588.5
% change		*40.1%*	*20.5%*	*11.3%*
Net income	226.3	329.7	396.7	432.8
% change		*45.7%*	*20.3%*	*9.1%*

	2015	2016e	2017e	2018e
Operating margin	10.0	13.5	15.5	16.3
Net margin	4.2	8.9	10.5	11.1
ROE	5.4	10.5	11.7	11.8
ROCE	7.1	10.0	12.1	13.4
Gearing	13.4	2.9	-7.5	-16.7

(EUR)	2015	2016e	2017e	2018e
EPS	2.53	3.66	4.41	4.81
% change	-	*44.6%*	*20.3%*	*9.1%*
P/E	22.4x	15.5x	12.9x	11.8x
FCF yield (%)	3.3%	6.1%	7.4%	8.3%
Dividends (EUR)	0.47	0.51	0.55	0.59
Div yield (%)	0.8%	0.9%	1.0%	1.0%
EV/Sales	1.7x	1.6x	1.4x	1.2x
EV/EBITDA	15.6x	10.0x	7.9x	6.6x
EV/EBIT	17.2x	11.7x	9.1x	7.6x

Following disappointing Q1 sales and the subsequent conference call, we have revised downwards our restated FY16-18e EPS sequence by 3.5% on average. Gemalto reiterated its "vague" FY16 guidance (+1.5% gross margin, accelerating its PFO expansion towards its 2017 objectives). The current year will be especially back-end loaded (Softcard loss during Q2 last year) and there are still too many risks in SIM & related businesses, such that the 2017 PFO target of over EUR660m is out of reach (it implies at least a +25% CAGR 2015-17e vs. +10.4% in 2015). We expect momentum to be unattractive as long as management maintains its 2017 PFO target. We are now more than 12% below this target (vs. 9% below before). We maintain our Neutral recommendation and have cut our FV from EUR69 to EUR62 (average of an SOTP, a DCF and historical multiples).

ANALYSIS

- **Gemalto reported a 2.5% lfl decline in Q1 sales organic**. **We see two main reasons for disappointment: 1/ the SIM business** was down 34% and at best, the trend in coming quarters is set to stand at -10-15% (end of the negative Softcard comparison base but still a double digit decline, lower demand in Latam and Asia, and no software upgrade this year); **and 2/ Payment sales increased by only 8% lfl** (EMV payment cards and issuance services in the US but sales to banks in China are starting to slow down).
- **We have revised downwards our 2016-18e EPS sequence.** We have reduce FY16 revenue from EUR3,338.3m to EUR3,243.8m (from +6.0% to +3.0% lfl), PFO from EUR496.1m to EUR483.3m (margin of 14.9%), current EBIT from EUR451.7m to EUR438.9m (margin of 13.5%), EBIT from EUR398.3m to EUR386.7m (margin of 11.9%) and attributable net profit from EUR297.6m to EUR288.5m (margin of 8.9%). **We have cut our restated EPS sequence by 3.5% on average over FY16-18e** (-3.0% in FY16e, -3.8% in FY17e and -3.8% in FY18e).
- **What about the FY17 PFO target now?** Philippe Vallée (COO, and new CEO as of 1st September) will have to take on guidance for over EUR660m in PFO for next year. This target looks increasingly tight from one publications to the next since it suggests a strong acceleration in the following two years, namely a 2015/17 CAGR of at least +25%. Even with the dynamics registered in payment, M2M, e-government and cybersecurity, the business lost in the SIM segment is still very profitable and momentum is clearly disappointing. **We now have a FY17e PFO at EUR580m (vs. EUR601m before), i.e. more than 12% below management's target.**

VALUATION

- **We have cut our restated EPS sequence by 3.5% on average over FY16-18e:** -3.0% in FY16e, -3.8% in FY17e and -3.8% in FY18e.
- **We maintain our Neutral rating and cut our Fair Value from EUR69 to EUR62:** average between a sum of the parts (SOTP) of EUR63.2, a DCF of EUR60.9, and 3-year historical multiples of EUR61.4.
- **We do not see a positive risk/reward on the stock.** The current year is very back-end loaded, visibility is poor, Olivier Piou will have to ensure a smooth succession with Philippe Vallée, we still see too many risks in the SIM and related services business. **We expect momentum to be unattractive as long as management maintains its 2017 PFO target which is out of reach.**

NEXT CATALYSTS

- **AGM:** 19th May.
- **H1 revenue and earnings:** on 26th August (before trading).

(to be continued next page)

2015 reported, consensus and BG estimates (new vs. old) for 2016 and 2017e

EURm	2015 (reported)	BG 2016e (old)	BG 2016e (new)	Cons. 2016e	BG 2017e (old)	BG 2017e (new)	Cons. 2017e
Sales	**3,121.6**	**3,338.3**	**3,243.8**	**3,276**	**3,538.6**	**3,406.0**	**3,496**
Y/Y change	*26.6%*	*6.0%*	*3.9%*	*4.9%*	*¨6.0%*	*5.0%*	*6.7%*
Y/Y change (lfl)	*6.0%*	*6.0%*	*3.0%*	*4.9%*	*6.0%*	*5.0%*	
PFO	**422.6**	**496.1**	**483.3**	**502**	**600.6**	**580.1**	**587**
Margin	*13.5%*	*14.9%*	*14.9%*	*15.4%*	*17.0%*	*17.0%*	*17.0%*
EBIT	**203.3**	**398.3**	**386.7**		**495.5**	**476.7**	
Margin	*6.5%*	*11.9%*	*11.9%*		*14.0%*	*14.0%*	
Current EBIT	**313.3**	**451.7**	**438.9**		**549.5**	**528.9**	
Margin	*10.0%*	*13.5%*	*13.5%*		*15.5%*	*15.5%*	
Net profit	**136.9**	**297.8**	**288.7**	**284**	**371.2**	**356.7**	**354**
Margin	*4.4%*	*8.9%*	*8.9%*	*8.7%*	*10.5%*	*10.5%*	*10.1%*
Attrib. net profit	**134.1**	**297.6**	**288.5**		**371.0**	**356.4**	
Margin	*4.3%*	*8.9%*	*8.9%*		*10.5%*	*10.5%*	
Rest. attrib. net	**226.3**	**339.8**	**329.7**		**412.5**	**397.0**	
Margin	*7.3%*	*10.2%*	*10.2%*		*11.7%*	*11.6%*	
Net debt	**334.7**	**87.8**	**80.0**	**103**	**-228.6**	**-228.7**	**-173**
Gearing	*13.4%*	*3.2%*	*2.9%*		*-7.4%*	*-7.5%*	

Sources: Bryan, Garnier & Co ests; Company’s consensus (27/04/16).

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Luxury & Consumer Goods

Luxottica

Price EUR47.57

Q1 soft but pretty much in line, signs of accelerating sales growth and FY outlook confirmed

Fair Value EUR61 (+28%) **BUY Coverage initiated**

Bloomberg	LUX IM
Reuters	LUX.MI
12-month High / Low (EUR)	67.5 / 47.1
Market Cap (EURm)	23,012
Ev (BG Estimates) (EURm)	23,721
Avg. 6m daily volume (000)	883.7
3y EPS CAGR	12.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.7%	-17.3%	-25.7%	-21.2%
Consumer Gds	-0.9%	-1.4%	-6.6%	-4.8%
DJ Stoxx 600	1.4%	-0.2%	-9.1%	-6.7%

YEnd Dec. (€m)	2015*	2016e	2017e	2018e
Sales	8,837	9,418	10,073	10,773
% change		*6.6%*	*7.0%*	*7.0%*
EBITDA	1,853	2,048	2,229	2,429
EBIT	1,376	1,541	1,687	1,850
% change		*12.0%*	*9.5%*	*9.6%*
Net income	804.1	932.2	1,042	1,153
% change		*15.9%*	*11.8%*	*10.7%*

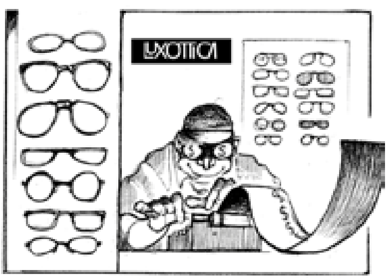
** reported figures*

	2015 *	2016e	2017e	2018e
Operating margin	15.6	16.4	16.8	17.2
Net margin	9.1	9.9	10.3	10.7
ROE	14.6	15.6	16.2	16.5
ROCE	12.0	13.3	14.6	16.2
Gearing	18.2	11.9	4.6	-4.5

** reported figures*

(€)	2015 *	2016e	2017e	2018e
EPS	1.68	1.94	2.17	2.40
% change	*-*	*15.8%*	*11.8%*	*10.7%*
P/E	28.4x	24.5x	21.9x	19.8x
FCF yield (%)	3.2%	3.8%	4.6%	5.7%
Dividends (€)	0.89	1.00	1.10	1.22
Div yield (%)	1.9%	2.1%	2.3%	2.6%
EV/Sales	2.7x	2.5x	2.3x	2.1x
EV/EBITDA	13.0x	11.6x	10.5x	9.3x
EV/EBIT	17.4x	15.4x	13.8x	12.3x

** reported figures*



On Friday, Luxottica unveiled Q1 sales of EUR2,266m up 1.8% adj. FX-n (CS: ~2%) and 3.8% FX-n. As expected, this publication was marked by a challenging comparison base (mainly in the US) and calendar realignments (Retail Division), and was therefore difficult to read. Consequently, we focused our attention on management's optimistic message reiterating FY16 targets, which implies a clear acceleration from Q2. This is the first step towards restoring investor confidence in the group's execution and ability to sustain MT growth. Buy recommendation and EUR61 FV confirmed.

ANALYSIS

- **North America sales (+1.3% adj. FX-n) affected by technical effects... 1/** The first headwind being the **tough comparison base** with the launch of Michael Kors which generated ~EUR20m (mostly in the US) that dented growth in US Wholesale in Q1 (+2.7%). **2/** This weak performance was also partly self-inflicted as the group implemented its "**Minimum Advertised Price**" (MAP) policy which prohibits wholesale customers from making deep discounts (online players are particularly targeted), hence provoking some sales disruptions.
- **... o/w US Retail (+0.9% adj. FX-n).** The main technical effect in Retail was **3/ calendar realignments** (*see chart overleaf*), which had a negative impact of 1pp as the first days of the year generated lower sales than those at the beginning of April. **LensCrafters'** comps were up 2% (vs. 1.2% in Q4) driven by higher conversion rates. It is worth noting that the first stores @ Macy's will open in June. Comparable growth at **SGH** was down 1%, still affected by the lack of tourists (~15% of SGH US sales) while business generated in non-touristic areas was still in positive territory.
- **Good momentum in Europe (+4.2% adj. FX-n).** This performance was fuelled by Southern Europe and Eastern Europe which grew in double-digits, with France and the UK also impacted by the decrease in tourist flows. SGH comps were up double-digit and the retail banner already opened 8 POS at Galeries Lafayette in Q1.
- **Soft Asia-Pacific (-2.1% adj. FX-n) but impressive LatAm (+13.1% adj. FX-n).** Price adjustments in China continued to boost growth in **Mainland China** but **H-K/Macau** registered a double-digit decline, likewise in **South Korea** due to a temporary calendar effect as sales caught up in April. Comps in Australia-NZ increased 4.2%, with optical returning to growth (+3%). The best-performing region remained **LatAm**, driven by double-digit growth in **Brazil** in **Mexico**, which bodes well for the next quarters.
- **Current trading confirms the acceleration expected from Q2.** April was on track and management was satisfied with its order book for May and June, which are among the busiest months of the year. Moreover, adverse technical effects will gradually ease off in Q2 and throughout the rest of the year. Consequently the group showed its confidence in accelerating top-line growth as early as Q2, without forgetting the space contribution from new stores that should play positively in H2.
- **FY16 "rule-of-thumbs" confirmed.** Management expects to achieve a 5-6% adj. FX-n sales increase, which implies, at least, an average 6% adj. FX-n growth over the remaining quarters. The group anticipates the EBIT to increase 1.5x faster than top line but we retain a more cautious forecast (1.2x).
- **LUX muscles up its optical business.** Indeed LUX is constructing three Rx labs (US, Italy and China) to better serve its optical stores in these regions. The group would not directly produce its own lenses and they will be edged and mounted internally, this lens and frames integration will enhance and improve the level of service, reduce lead times and increase efficiencies. The future US lab will particularly cover the 400+ LC stores @ Macy's which do not own in-store labs.

VALUATION

- As announced during the Investor Day in early March, this first quarter was soft due to some technical effects, self-inflicted wounds (e.g. MAP policy which led to the closure of several wholesale customers) and a difficult comparison base.
- At the conference call, management spent much time explaining that the negative impact from these hurdles would gradually diminish, whilst LUX is ready to accelerate growth just when the peak sun season starts. This explains its confidence in the FY16 outlook, as all targets were confirmed.

(To be continued next page)

- At 2016e EV/EBIT of 15.3x, the stock is trading on a 7% discount to the 2004-16 historical average and now offers an attractive valuation within our Optical & Eyewear sample (excl. Safilo) since Essilor and GrandVision trade at 20.3x and 17.7x 2016e EV/EBIT respectively. We have made minor adjustments at the top line level (FX impact) but leave our FV unchanged at EUR61. Buy recommendation confirmed.

Table 1: adj. FX-n by region:

EURm	Q1 15	Q1 16	*Adj. FX-n growth*
Wholesale	275	286	*2.7*
Retail	1,040	1,066	*0.9*
North America	**1,315**	**1,352**	***1.3***
Europe	425	435	*4.2*
Asia-Pacific	298	281	*-2.1*
Latin America	130	120	*13.1*
ROW	84	77	*-5.4*
Total Groupe SEB	**2,252**	**2,266**	***1.8***

Source: Company Data

Graph 1: Revenue roadmap by region:

Source: Company Data

Graph 2: Calendar realignments and working days in North America:

Source: Company Data

NEXT CATALYSTS

- Luxottica will report H1 16 results on 27th July 2016.

Click here to download document

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Luxury & Consumer Goods — 2nd May 201

Moncler

Price EUR14.06

Good protection from chilly conditions (full report released today)

Fair Value EUR17 (+21%)

BUY

Coverage initiated

Bloomberg	MONC IM
Reuters	MONC.MI
12-month High / Low (EUR)	18.9 / 12.2
Market Cap (EURm)	3,517
Ev (BG Estimates) (EURm)	3,472
Avg. 6m daily volume (000)	1 386
3y EPS CAGR	10.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.4%	6.7%	-4.2%	8.8%
Pers & H/H Gds	2.6%	4.1%	-4.3%	0.3%
DJ Stoxx 600	4.1%	4.2%	-7.2%	-4.6%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	880.4	978.1	1,081	1,181
% change		*11.1%*	*10.5%*	*9.2%*
EBITDA	300	331	365	399
EBIT	252.7	282.6	311.8	340.9
% change		*11.8%*	*10.4%*	*9.3%*
Net income	163.8	185.2	205.8	226.3
% change		*13.1%*	*11.1%*	*10.0%*

	2015	2016e	2017e	2018e
Operating margin	28.7	28.9	28.8	28.9
Net margin	18.6	18.9	19.0	19.2
ROE	30.0	27.5	25.4	23.7
ROCE	40.9	42.8	45.2	47.8
Gearing	9.1	-6.7	-19.0	-28.9

(EUR)	2015	2016e	2017e	2018e
EPS	0.69	0.75	0.84	0.92
% change	-	*10.0%*	*10.9%*	*9.8%*
P/E	20.5x	18.6x	16.8x	15.3x
FCF yield (%)	3.7%	4.4%	5.0%	5.7%
Dividends (EUR)	0.14	0.17	0.21	0.23
Div yield (%)	1.0%	1.2%	1.5%	1.6%
EV/Sales	4.1x	3.5x	3.1x	2.7x
EV/EBITDA	11.9x	10.5x	9.2x	8.1x
EV/EBIT	14.1x	12.3x	10.8x	9.5x

We are initiating coverage of Moncler with a Buy recommendation and FV of EUR17. Over 2016-18, the group should post strong momentum in a luxury sector showing signs of a slowdown (average organic growth of ~10% vs. ~4% for our luxury sample) thanks to the dynamic outerwear segment, the strength of the group's brand and its upscale positioning and know-how in retail expansion. The share is trading on 2016e EV/EBIT of 12.1x, in line with the sector.

ANALYSIS

- Under the impetus of Remo Ruffini, the group's Chairman and CEO since 2003, Moncler has succeeded its shift into luxury and fashion and now dominates the high end outerwear segment (85% of sales). The group's track record speaks for itself. Between 2011 and 2015, sales and EPS rose by an average of 25% and 43% respectively, whereas adjusted EBITDA margin totalled 33.8% in 2015, more than 12 points higher than Burberry. These performances were partly driven by the rapid and successful expansion in retail (70% of 2015 sales vs. 38% in 2011).
- Moncler relies on its heritage and strong legitimacy to outperform the highly fragmented and fairly dynamic outerwear segment (+5%/year). Sales growth is above all set to be driven by the group's excellent control of the retail channel as shown by its sales per square metre of around EUR30k, one of the highest ratios in the sector. Retail should account for 77%e of 2018e sales (vs. 70% in 2015), while other catalysts are the rising momentum (cautious) of new categories (knitwear, accessories and footwear) and new circuits (travel retail and online).
- **In our view, Moncler's growth story is set to be written by sales** (2015-18e CAGR of around 10%) since **we expect a stable adjusted EBITDA margin** over 2016-18, albeit still at a high level (33.8%). Indeed, gross margin widening, driven primarily by the rising weight of retail, is likely to be wiped out by higher market and G&A expenses as the group continues to structure itself.

VALUATION

- Our FV of EUR17 is obtained via a DCF valuation (WACC of 8.3%, growth to infinity of 2.5%).
- Despite slightly higher sales and EPS estimates than the average of our luxury sample, the **Moncler share is trading in line with the sector average** (12.1x for 2016 EV/EBIT), **but is far more accessible than Italian peers** such as Brunello Cucinelli (21.9x), Ferragamo (13.0x) and Tod's (12.4x).

NEXT CATALYSTS

- Q1 16 Sales on 10th May // H1 16 Results on 27th July.

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Healthcare

AstraZeneca

Price 3,928p

Weak underlying Q1 but further focus towards Specialty

Fair Value 5100p vs. 5360p (+30%) **BUY**

Bloomberg	AZN LN
Reuters	AZN.L
12-month High / Low (p)	4,628 / 3,890
Market Cap (GBP)	49,670
Avg. 6m daily volume (000)	2 589

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.3%	-12.5%	-6.4%	-14.9%
Healthcare	2.8%	-3.9%	-10.9%	-10.4%
DJ Stoxx 600	1.4%	-0.2%	-9.1%	-6.7%

	2015	2016e	2017e	2018e
P/E	13.5x	14.4x	15.0x	14.5x
Div yield (%)	4.9%	4.9%	4.9%	4.9%

ANALYSIS

- Clearly, there were two distinct parts in last Friday's press release: (i) the first-quarter numbers *per se* that were somewhat soft in our view considering higher-than-expected externalisation revenues (USD550m vs USD420m) and (ii) the announcement of a sharper focus on Specialty Care as required by necessary investments to support healthy progress in the oncology pipeline. Restructuring charges will represent USD1.5bn mostly in cash whereas expected savings are USD1.1bn and will primarily stem from SG&A costs.
- From the quarterly earnings, we noted the good performance of Tagrisso, which is set to ramp up much quicker than we had expected in view of the upcoming launch in Japan. We have increased our estimates for 2016-2018 by about 50% as a consequence. However, this is more than offset by the weak performance in Respiratory. Crestor was solid but with the upcoming first generic launch in the US next week, this is clearly not recurring. In diabetes, Onglyza and Farxiga were high but Bydureon weak. From a cost perspective, R&D was even higher than expected, maybe as a reflection of the integration of ZS Pharma and Acerta.
- The move towards a greater focus on Oncology and Specialty Care is strategically positive in our view and consistent with the group's strategy. In concrete terms, it means that immunology is no longer strategic beyond respiratory and with the exception of anifrolumab (lupus). Now, what is difficult with this strategy is not to account for things twice. We had already assumed that SG&A costs would go down, but it remains to be seen what extra savings will be delivered by these additional costs compared with what was already expected. The same goes for externalisation revenues where certain amounts are accounted for in mass (for instance about USD1.5bn for 2016) that may also be reported as product sales. This was the case for Plendil in China and again with lesinurad in the US.

VALUATION

- So, we are still thinking that the overall picture is nice and will move more and more positively with time as clinical data is reported and new products replace old ones.
- Despite adjustments to our numbers and another FV cut (cash restructuring expenses, lesinurad dual accounting, some minor Q1-related changes), we are maintaining a strong BUY conviction for the medium term that we consider bright, and with unparalleled CAGR.
- For the short-term however, we are more cautious because the environment is adverse for the large cap pharma segment. We would still favour GSK.

NEXT CATALYSTS

- 26 May 2016: PDUFA date for ZS-9 - Click here to download

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Healthcare

Sanofi

Price EUR72.11

Bloomberg	SAN FP
Reuters	SASY.PA
12-month High / Low (EUR)	100.7 / 67.3
Market Cap (EUR)	94,154
Avg. 6m daily volume (000)	3 276

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.3%	-5.8%	-20.7%	-8.3%
Healthcare	2.8%	-3.9%	-10.9%	-10.4%
DJ Stoxx 600	1.4%	-0.2%	-9.1%	-6.7%

	2015	2016e	2017e	2018e
P/E	12.8x	13.1x	13.0x	12.0x
Div yield (%)	4.1%	4.2%	4.4%	4.9%

Q1 not such a bad surprise for us

Fair Value EUR86 vs. EUR87 (+19%) NEUTRAL

ANALYSIS

- The markets sent Sanofi tumbling by more than 5% on Friday as disappointing quarterly numbers added to a bad index performance. We would nevertheless disagree with this view somewhat, even if Q1 could be considered as uninspiring after restating for all non-recurring and special items. But who would have expected anything better this early into the transition phase?
- Once restated for the reclassification of US distribution of third-party vaccines from sales to other revenues and after taking into account the full impact of Venezuela (-EUR197m on sales and EUR106m in currency losses), the rest of the quarterly performance was very much in line with expectations.
- We recognise that sales and earnings were helped significantly by the strong performance (partly front-loaded as a consequence of some distribution channel changes in the US) from Merial and in view of the pending asset swap with B.I., an outperformance driven by Animal Health is not exactly pleasing. But this simply accounts for the difference between a small increase in core EPS in Q1 and full-year guidance for flat earnings. What we heard about Praluent and diabetes in terms of competitive landscape and uncertainty about execution was not surprising either.
- Lastly, if the negative reaction stemmed from the rejection of the Medivation offer, here again we are not surprised by the unanimous rejection of this first offer by the board. Admittedly, this means Sanofi will be compelled to either significantly increase its offer or fly away from the target.

VALUATION

- As we compute the Q1 numbers and take care of the new classification, we come out with marginally affected new estimates that adjust our FV down from EUR87 to EUR86.
- We continue to believe that it is too early to buy Sanofi and that there are more obvious opportunities in the sector that is globally more challenging these days. As with Novartis, as the year progresses, things might be reconsidered depending on how things play out for Lantus in the US, Praluent globally and with dupilumab early in 2017.

NEXT CATALYSTS

- 24-2th5 May 2016: FDA Advisory Committee for Lyxumia, LixiLan and Xultophy

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TMT

Soitec

Price EUR0.59

The group get shareholders' approval for the capital increases and hires a new CFO

Fair Value EUR0.5 (-15%) NEUTRAL

Bloomberg	SOI FP
Reuters	SOIT.PA
12-month High / Low (EUR)	0.9 / 0.5
Market Cap (EURm)	136
Avg. 6m daily volume (000)	687.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.7%	9.3%	-21.3%	-7.8%
Semiconductors	-3.9%	-1.9%	-4.5%	-6.0%
DJ Stoxx 600	1.4%	-0.2%	-9.1%	-6.7%

	03/15	03/16e	03/17e	03/18e
P/E	NS	NS	43.4x	34.9x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- **Today, Soitec reports FY16 net results of -EUR72m.** As previously reported, FY16 sales stood at EUR238m, to be compared to EUR178m given the refocus on Electronics activities. Thanks to high level of demand in 200mm wafers, gross margin came out at 25.6% yielding a gross profit of EUR60m (BG. ests. EUR54m). As such, current operating result came out above our expectation at EUR12.4m (BG. ests. EUR8m) to be compared to losses of EUR32m a year ago. Net result for FY16 is negative, at -EUR72m, mainly due to non-current assets depreciation and discontinued activities and is to be compared to net loss of EUR259m a year ago. At the end of FY16, the net debt was EUR170m including gross cash of EUR49.1m and gross debt of EUR218.9m.
- **On Friday, shareholders voted in favour of the two proposed capital increases.** The group said that a large majority of shareholders approved the capital increases at the Extraordinary General Meeting held on Friday April 29th. We remind that the group had to set up a second General Meeting due to a lack of quorum during the General Meeting held on April 11th. The overall project does not change with two successive capital increases. First, a reserved capital increase of EUR76.5m for BPI France, CEA and a Chinese investment fund National Silicon Industry Group, then a second capital increase with preferential subscription rights for a total amount to be determined in the range of EUR53.5m to EUR103.5m.
- **In addition, the group hires Rémy Pierre as CFO.** Previously, Pierre was CFO of the Lagardère Active group, Lagardère's Media & Entertainment division. As such, Grégoire Duban steps down. Duban has been appointed as CFO in July 2015 and replaced Olivier Brice. We remind that Duban's expertise is focused on improving operational performance, redesigning business models, industrial restructuring and refocusing of activities to strengthen the profitability of companies in transition like Soitec.

VALUATION

- Soitec shares are trading on FY17e EV/Sales of 0.8x and FY17e EV/EBIT of 19.7x.

NEXT CATALYSTS

- Detailed accounts will be reported on a later date.

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TMT

Ubisoft

Price EUR25.37

Vivendi now owns 17.73% of UBI's capital, excluding a hostile bid

Fair Value EUR34 (+34%) **BUY**

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	28.2 / 14.9
Market Cap (EURm)	2,822
Avg. 6m daily volume (000)	338.1

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.8%	0.1%	-5.1%	-4.9%
Softw.& Comp. SVS	-2.4%	-3.0%	-1.2%	-5.2%
DJ Stoxx 600	1.4%	-0.2%	-9.1%	-6.7%

	03/15	03/16e	03/17e	03/18e
P/E	27.9x	28.0x	20.5x	13.8x
Div yield (%)	NM	NM	NM	NM

FACTS

- **Vivendi announced last Friday (on the AMF website) that: 1/** it had increased its stake in Ubisoft to 17.73% of the share capital and 15.66% of voting rights (vs. 15.66% and 13.90%e respectively before) by buying shares on the market on 27th April; **2/** it plans to continue its purchases depending on market conditions, and that it does not intend to file a public offer for Ubisoft or to take control of the company; **3/** it continues to aim for a fruitful collaboration with Ubisoft; **and 4/** it intends to request a recomposition of Ubisoft's Board of Directors, in order to obtain a coherent representation of its shareholding.

ANALYSIS

- It seems that Vivendi now understands that if it really wants to acquire Ubisoft it has to be soft and the only way is to make the move friendly (we do no other choice for this kind of console game publisher, which relies only on talented developers/creators). With this statement, if Vivendi finally wanted to make an offer in the near future, it will have to wait six months. **In our view, this statement means that Vivendi is now totally excluding a hostile bid regarding Ubisoft.**

VALUATION

- **We maintain our Buy recommendation and FV of EUR34.** The stock boasts positive momentum for coming weeks and months.

NEXT CATALYSTS

- **FY15/16 earnings:** 12th May (after trading), with more details on the FY17e guidance.
- **Ubisoft press conference at E3 trade fair in Los Angeles:** 13th June at 1pm (local time).

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Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

Stock rating

BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
NEUTRAL	Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
SELL	Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

Distribution of stock ratings

BUY ratings 57.6% NEUTRAL ratings 33.8% SELL ratings 8.6%

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